

## Message Text

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FM SECSTATE WASHDC  
TO AMEMBASSY LONDON  
INFO AMEMBASSY PARIS

UNCLAS STATE 111836

FOR AMB. BOYD, US CIVAIR DEL

E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT:CIVAIR - JOURNAL OF COMMERCE ARTICLE RE BERMUDA  
TALKS

FOLLOWING ARTICLE BY EDWIN UN"WORTH DATELINED LONDON  
APPEARED IN MAY 16 JOURNAL OF COMMERCE:

QUOTE. TALKS BETWEEN BRITAIN AND THE UNITED STATES ON A

REPLACEMENT FOR THE PRESENT BERMUDA AGREEMENT WHICH EXPIRES  
ON JUNE 21 BEGIN IN LONDON TODAY AMID CONFIDENT EXPECTATIONS  
THAT A NEW AGREEMENT CAN BE REACHED BEFORE THE PRESENT ONE  
EXPIRES.

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A DEPARTMENT OF TRADE SPOKESMAN TOLD THE JOURNAL OF COMMERCE  
THE TALKS SHOULD GO ON AS LONG AS IS NECESSARY FOR THE  
ISSUES TO BE SETTLED, MAKING THIS HOPEFULLY THE LAST MAJOR  
NEGOTIATING SESSION.

THE MAIN ISSUE STILL REMAINS THE DIVISION OF PASSENGER  
TRAFFIC BETWEEN UK AND US CARRIERS ON NORTH ATLANTIC AIR

ROUTES AND THE DESIGNATION OF AIRLINES ON THEE ROUTES.

ORIGINALLY THE UK HAD BEEN DEMANDING SINGLE DESIGNATIONS ON

AIR ROUTES BETWEEN BRITAIN AND THE US, CLAIMING THAT ONE AIRLINE FROM EACH COUNTRY SHOULD OPERATE ON EACH ROUTE-- WITH THE AIRLINES HAVING A 50-50 SHARE OF THE PASSENGERS.

HOWEVER, THE US HAS REJECTED THE 50-50 PROPOSAL, ALTHOUGH IT NOW LOOKS AS THOUGH THE TWO COUNTRIES ARE READY TO REACH A COMPROMISE. THE UK HAS INDICATED THAT IT MAY BE WILLING TO ACCEPT A DOUBLE DESIGNATION ON THE LONDON-NEW YORK AIR ROUTE, PROVIDED ONE OF THE AIRLINES USES GATWICK, LONDON'S SECOND AIRPORT.

NOT ONLY MIGHT THIS BE THE KEY TO CONCLUDING THE NEW AGREEMENT, BUT IT COULD HELP SOLVE BRITAIN'S PROBLEM OF REDUCING CONGESTION AT OVER-CROWDED HEATHROW AIRPORT. THE BRITISH AIRPORTS AUTHORITY HAS NEARLY COMPLETED A MULTI-MILLION POUND INVESTMENT PROGRAM AT GATWICK, WITHOUT SO FAR BEING ABLE TO CONVINCE ANY MAJOR INTERNATIONAL AIRLINE TO SWITCH ITS OPERATIONS THERE FROM HEATHROW.

CONCORDE AND ITS FUTURE LANDING RIGHTS ON THE US WILL ALSO FEATURE IN THE LONDON DISCUSSIONS. BRITAIN WOULD LIKE TO BE CERTAIN OF SAFEGUARDING THE SUPERSONIC AIRCRAFT'S POSITION BEFORE CONCLUDING THE NEW AIR AGREEMENT.

THE CONCORDE'S 12-MONTH TRIAL PERIOD AT WASHINGTON EXPIRES  
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ON MAY 24, AND IT IS TO BE FOLLOWED BY A FOUR-MONTH ASSESSMENT PERIOD. UK AUTHORITIES WOULD LIKE SOME IDEA OF THIS ASSESSMENT AS SOON AS POSSIBLE, AS THEY FEEL US AUTHORITIES HAVE HAD AMPLE TIME TO GATHER DATA AND FORMULATE AN OPINION OF WHETHER THE AIRCRAFT WILL BE ALLOWED PERMANENTLY TO USE WASHINGTON.

'FIFTH FREEDOM RIGHTS." ANOTHER IMPORTANT ISSUE TO BE DISCUSSED IS "FIFTH FREEDOM" RIGHTS--THE RIGHTS OF AN AIRLINE TO PICK UP PASSENGERS IN A COUNTRY OTHER THAN ITS OWN AND TAKE THEM TO A THIRD COUNTRY. THE BRITISH CLAIM THAT THE US AIRLINES PICK UP PASSENGERS IN LONDON OR HONG KONG TO TAKE TO OTHER COUNTRIES, BRINGING THEM TRADE WORTH ABOUT 19 MILLION POUNDS AND 23 MILLION POUNDS RESPECTIVELY.

BRITISH AIRWAYS HAS NOT AS MUCH SCOPE FOR SUCH EARNINGS AND WOULD THEREFORE LIKE TO SEE SOME CONCESSIONS FROM THE US IN THIS FIELD. UK OFFICIALS HAVE INDICATED THAT PROVIDED ENOUGH PROGRESS IS MADE IN THE PRESENT ROUND OF TALKS HERE

THEY WOULD BE WILLING TO EXTEND THE PRESENT BERMUDA AGREE-  
MENT FOR A FEW WEEKS, THEREBY POSSIBLY ELIMINATING ANY  
DISRUPTIONS OF NORTH ATLANTIC AIR SERVICES UNTIL A NEW  
AGREEMENT IS REACHED. END QUOTE.  
CHRISTOPHER

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## Message Attributes

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